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March 28, 2012

Department of Housing and Community Development  
Division of Housing Policy Development  
P.O. Box 952053  
Sacramento, CA 94252-2053

**SUBJECT: ANNUAL HOUSING ELEMENT PROGRESS REPORT  
CITY OF CARLSBAD – CALENDAR YEAR 2011**

Attached please find copies of a report to the City of Carlsbad City Council entitled: *Annual Housing Element Progress Report for January 2011 – December 2011*. This report has been prepared to comply with California Government Code Section 65400(a)(2). Copies are also being sent to the Governor's Office of Planning and Research and the San Diego Association of Governments.

The City of Carlsbad has prepared the required annual report in two parts. The first part provides a status of housing production and the City's progress meeting its share of regional housing needs. The second part provides information on the City's progress in implementing its housing element programs. The two parts, together, respond to the needs of our City Council and to the requirements of state law. The City Council adopted a resolution accepting the report on March 27, 2012.

Please contact me at (760) 602-4645 or [corey.funk@carlsbadca.gov](mailto:corey.funk@carlsbadca.gov) if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Corey Funk'.

**COREY FUNK, AICP**  
Associate Planner

CF:bd

c: File Copy

enc: Annual Housing Element Progress Report for January 2011 – December 2011







# CITY OF CARLSBAD – AGENDA BILL

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AB# 20,847	ANNUAL HOUSING ELEMENT PROGRESS REPORT FOR JANUARY 2011 – DECEMBER 2011	DEPT. DIRECTOR CITY ATTORNEY CITY MANAGER
MTG. 3/27/12 DEPT. CED		<i>[Handwritten signatures: G.P., J.M., T.W.]</i>

## RECOMMENDED ACTION:

That the City Council ADOPT Resolution No. 2012-071, ACCEPTING the Annual Housing Element Progress Report for January 2011 through December 2011.

## ITEM EXPLANATION:

The attached Annual Housing Element Progress Report for January 2011 through December 2011 (Exhibit 2) has been prepared to comply with Government Code Section 65400(a)(2). According to Government Code Section 65700, charter cities are exempt from the requirement to prepare an annual report on the status of the housing element unless they intend to maintain eligibility for certain grant funding programs. Therefore, the report serves the following purpose:

- Meet the grant funding requirements of certain SANDAG and California Department of Housing and Community Development (HCD) programs.
  - For example, certain grant programs administered by SANDAG require member jurisdictions to report on their progress toward meeting their share of the regional housing need.
- Implement Carlsbad Housing Element Program 3.20, which requires the preparation of an annual report on the progress and effectiveness of the City's housing programs.

## Contents of the Report

The Annual Housing Element Progress Report for January 2011 through December 2011 (Exhibit 2) consists of:

- **Housing Production Status (Part 1)** – Provides the status of housing production in the city and the city's progress in meeting its share of regional housing needs during Calendar Year (CY) 2011.
- **Program Implementation Status (Part 2)** – Provides the status of and the city's progress toward implementing the City of Carlsbad 2005-2010 Housing Element programs during CY 2011.

## FISCAL IMPACT:

This is an information report and the only associated fiscal impact is the cost of staff time to prepare the report and provide it to the City Council, the California Office of Planning and Research, California Department of Housing and Community Development, and SANDAG.

DEPARTMENT CONTACT: Corey Funk 760-602-4645 [corey.funk@carlsbadca.gov](mailto:corey.funk@carlsbadca.gov)

## FOR CITY CLERKS USE ONLY.

COUNCIL ACTION:	APPROVED <input type="checkbox"/>	CONTINUED TO DATE SPECIFIC <input type="checkbox"/>	_____
	DENIED <input type="checkbox"/>	CONTINUED TO DATE UNKNOWN <input type="checkbox"/>	_____
	CONTINUED <input type="checkbox"/>	RETURNED TO STAFF <input type="checkbox"/>	_____
	WITHDRAWN <input type="checkbox"/>	OTHER – SEE MINUTES <input type="checkbox"/>	_____
	AMENDED <input type="checkbox"/>		

**ENVIRONMENTAL IMPACT:**

This report is categorically exempt from environmental review as per CEQA Guidelines Section 15306, which states that information collection activities are exempt from the provisions of CEQA.

**EXHIBITS:**

1. City Council Resolution No. 2012-071
2. Report titled: *Annual Housing Element Progress Report for January 2011 through December 2011*
3. Appendix A: Description of terms and methods.

1                   RESOLUTION NO. 2012-071

2                   A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
3                   CARLSBAD, CALIFORNIA, ACCEPTING THE ANNUAL  
4                   HOUSING ELEMENT PROGRESS REPORT FOR JANUARY  
5                   2011 THROUGH DECEMBER 2011

6                   WHEREAS, the attached Annual Housing Element Progress Report has been  
7                   prepared to comply with Government Code Section 65400(a)(2), meet the grant funding  
8                   requirements of certain SANDAG and California Department of Housing and Community  
9                   Development (HCD) programs, and implement Housing Element Program 3.20. The purpose of  
10                  the report is to provide information to the City Council, the State Office of Planning and  
11                  Research, the State Department of Housing and Community Development and the public as to  
12                  the status of the Housing Element programs, as well as mark the City's progress in meeting its  
13                  share of the region's housing needs.

14                  The City Council of the City of Carlsbad, California, does hereby resolve as  
15                  follows:

- 16                  1. That the above recitation is true and correct.  
17                  2. That the report is accepted and the City Planner is directed to submit the report  
18                  to the California Office of Planning and Research, the California Department of Housing and  
19                  Community Development, and the San Diego Association of Governments.

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1                   PASSED AND ADOPTED at a regular meeting of the City Council of the City of  
2 Carlsbad on the \_\_\_\_\_ day of \_\_\_\_\_ 2012, by the following vote, to wit:

3                   AYES:

4                   NOES:

5                   ABSENT:

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8                   MATT HALL, Mayor

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10                  ATTEST:

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12                  LORRAINE M. WOOD, City Clerk

13                  (SEAL)

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**ANNUAL ELEMENT PROGRESS REPORT**  
**Part 1 - Housing Element Implementation**  
(CCR Title 25 §86202)

Jurisdiction	Reporting Period	City of Carlsbad
	01/01/2011 - 12/31/2011	

Table A

## **Annual Building Activity Report Summary - New Construction Very Low-, Low-, and Mixed-income Multifamily Projects**

\* Note: These fields are voluntary

**ANNUAL ELEMENT PROGRESS REPORT**  
**Part 1 - Housing Element Implementation**  
(CCR Title 25 §6202)

Jurisdiction	City of Carlsbad
Reporting Period	01/01/2011 - 12/31/2011

**Table A2**  
**Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)**

Please note: Units may only be credited to the table below when a jurisdiction has included a program if its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Income			(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low Income	Very Low Income	Low Income	
(1) Rehabilitation Activity				0
(2) Preservation of Units At-Risk				0
(3) Acquisition of Units				0
(5) Total Units by Income	0	0	0	0

\* Note: This field is voluntary

**Table A3**  
**Annual building Activity Report Summary for Moderate and Above Moderate-Income Units**  
(not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of Infill units*
No. of Units Permitted for Moderate		21	28	7		56	
No. of Units Permitted for Above Moderate	194		6			200	

\* Note: This field is voluntary

**ANNUAL ELEMENT PROGRESS REPORT**  
**Part 1 - Housing Element Implementation**  
(CCR Title 25 §6202)

Jurisdiction      City of Carlsbad  
Reporting Period    01/01/2011 - 12/31/2011

Table B

**Regional Housing Needs Allocation Progress**

**Permitted Units Issued by Affordability**

Enter Calendar Year starting with the first year of the RHNAs allocation period. See Example.		2003	2004	2005	2006	2007	2008	2009	2010	2011	Total Units to Date (all years)	Total Remaining RHNAs by Income Level
Income Level	RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Very Low	Deed Restricted	85			100		11				35	231
	Non-deed restricted	1,922										1,681
Low	Deed Restricted	336	200	70	89	10	96	12	4	23	840	619
	Non-deed restricted	1,460									1	1
Moderate	Deed Restricted	1,583	174	184			2		2	56	418	1,165
	Non-deed restricted											
Above Moderate		3,411	672	1,092	1,330	306	358	147	163	371	200	4,539
Total RHNA by COG		8,376	1,267	1,476	1,400	495	368	256	175	377	315	6,129
Enter allocation number:												2,247
Total Units	▲ ▲ ▲											
Remaining Need for RHNA Period	▲ ▲ ▲											

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

## ANNUAL HOUSING ELEMENT PROGRESS REPORT

### *Part 2 – Program Implementation Status*

January 2011 through December 2011

CODE KEY		Department or Division:
<b>Status:</b>		
C - Completed	= One-time project for which all work has been completed	BCE - Building & Code Enforcement
O - Ongoing	= Completed program, but one that requires recurring activity	CED - Community & Economic Development
I - In Process	= Staff work is well under way and program will be implemented soon (including any necessary hearings)	HNS - Housing & Neighborhood Services
P - Pending	= Program for which preliminary work needs to be initiated, or program is in early stages of work	P - Planning F - Finance
D - Delete	= Program that may no longer be necessary or relevant due to another program, changed circumstances, or policy change	

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Condominium Conversion.	1.1	The city will continue to discourage and/or restrict condominium conversions when such conversions would reduce the number of low or moderate income housing units available throughout the city. All condominium conversions are subject to the city's Inclusionary Housing Ordinance; the in-lieu fees or actual affordable units required by the ordinance would be used to mitigate the loss of affordable rental units from the city's housing stock.	O	P	The city considers condominium conversions on a case by case basis. In 2011, the city approved two projects that converted six rental units to ownership units. One existing duplex converted to zero lot-line separate ownership units, and a lot with four existing single family homes was subdivided into four lots.
Mobile Home Park Preservation	1.2	The city will continue to implement the city's Residential Mobile Home Park zoning ordinance (Municipal Code 21.37) that sets conditions on changes of use or conversions of Mobile Home Parks.  The city will also assist lower income tenants to research the financial feasibility of purchasing their mobile home parks so as to maintain the rents at levels affordable to its tenants.	O	P, HNS	The city continues to implement the mobile home zoning ordinance.
Acquisition/ Rehabilitation of Rental Housing	1.3	The city will continue to provide assistance to preserve the existing stock of low and moderate income rental housing, including: <ul style="list-style-type: none"><li>• Provide loans, grants, and/or rebates to owners of rental properties to make needed repairs and rehabilitation.</li><li>• Acquire and rehabilitate rental housing that is substandard, deteriorating or in danger of being demolished. Set-aside at least 20 percent of the rehabilitated units for very low income households.</li><li>• Provide deferral or subsidy of planning and building fees, and priority processing.</li></ul>	O	HNS, BCE	Requests for acquisition/rehabilitation of rental properties are considered on a case by case basis.
Rehabilitation of Owner-Occupied Housing	1.4	Priority will be given to housing identified by the Building Department as being substandard or deteriorating, and which houses lower income and in some cases moderate income households.	O	HNS	As the housing stock ages, the need for rehabilitation assistance may increase. The city will provide assistance to homeowners to rehabilitate deteriorating housing. Energy conservation improvements are eligible activities under the city's rehabilitation assistance. Assistance will include financial incentives in the form of low interest and deferred payment loans, and rebates. Households targeted for assistance include lower-income and special needs (disabled, large, and senior) households.

Part 2 – Program Implementation Status – January 2011 through December 2011

Table 2.1 CY 2011 Housing Element Program Implementation Status					
HE Program	Program #	Description	Status	Dept/Div	Comments
Preservation of At-Risk Housing	1.5	<p>One project – Seascape Village – within the city may be considered as at risk. This project has deed restrictions on 42 units that are set to expire January 1, 2009. The city will monitor the status of projects such as Seascape Village that may be at-risk, ensure tenants receive proper notification of any changes and are aware of available special Section 8 vouchers, and contact nonprofit housing developers to solicit interest in acquiring and managing at risk projects.</p>	O	HNS	<p>Notices to tenants at Seascape Village were monitored and city staff worked with owners of Seascape Village in an attempt to extend the affordability restrictions. Property was sold and new owners declined to work with the city further.</p>
Adequate Sites	2.1	<p>The city will continue to monitor the absorption of residential acreage in all densities and, if needed, recommend the creation of additional residential acreage at densities sufficient to meet the city's housing need for current and future residents. Any such actions shall be undertaken only where consistent with the Growth Management Plan.</p> <p>In order to ensure that adequate residential acreage at appropriate densities is available to meet the city's Regional Housing Needs Assessment (RHNA) the city will implement the following objectives:</p> <p>a. The city shall process a general plan amendment(s) to redesignate a minimum net acreage of each site in Table 6-1 to RH and require that the redesignated sites be developed at a minimum density of 20 units per acre. As part of this program the city shall also process all necessary amendments to the Zoning Ordinance and other planning documents, such as master or specific plans.</p>	I	P, HNS	<p>Please see the attached Addendum to Part 2 – Program Implementation Status.</p> <p>a. An application for a master plan was submitted in 2010 for the Quarry Creek site, which will implement Program 2.1. The application proposes 290 units for the RH designation and 366 for the RMH designation, for a total of 656 units. This exceeds the number of units anticipated for Quarry Creek by Program 2.1.</p>

Table 6-1  
General Plan Amendment (RH): Ponto and Quarry Creek

Property	APN	Approximate Minimum Acres to be Redesignated to RH	Density Yield
Ponto	216-140-17	6.4	128
Quarry Creek	Portions of 167-040-21	15.0	300
Commercial Mixed Use	Portion of 216-140-18	2.8	28
Ponto			

Table 2.1 CY 2011 Housing Element Program Implementation Status																
HE Program	Program #	Description	Status	Dept/Div	Comments											
Adequate Sites (Continued)	2.1	<p>b. The city shall process a general plan amendment(s) to redesignate a minimum net acreage of each site in Table 6-2 to RMH and require that the redesignated site be developed at a minimum density of 12 units per acre. As part of this program, the city shall also process all necessary amendments to the Zoning Ordinance and other planning documents, such as master or specific plans.</p> <p>Table 6-2 General Plan Amendment (RMH): Quarry Creek</p> <table border="1"> <thead> <tr> <th rowspan="2">Property</th> <th rowspan="2">APN</th> <th colspan="2">Approximate Minimum Acres to be Re-designated to RMH</th> <th rowspan="2">Density Yield</th> </tr> <tr> <th>Portions of</th> <th>of</th> </tr> </thead> <tbody> <tr> <td>Quarry Creek</td> <td>167-040-21</td> <td>17</td> <td>200</td> <td>P, HNS</td> </tr> </tbody> </table> <p>c. The city shall process general plan amendments to establish minimum densities of 12 units per acre and 20 units per acre for the RMH and RH land use designations, respectively, except for those RH designated properties in the Beach Area Overlay Zone.</p> <p>d. The city shall process amendments to the Village Redevelopment Master Plan and Design Manual and/or other planning documents as necessary to establish, for residential projects and mixed use projects with residential components within the Village Redevelopment Area, minimum densities equal to 80% of the maximum of the density range. For land use districts 1 - 4 (density range of 15 - 35 units per acre), as specified in the Carlsbad Village Redevelopment Master Plan and Design Manual, 80% shall be 28 units per acre. For land use districts 5 - 9 (density range of 15 - 23 units per acre), 80% shall be 18 units per acre. Furthermore, the city shall approve modifications to development standards of the Carlsbad Village Redevelopment Master Plan and Design Manual if a project satisfactorily demonstrates as determined by the city that such modifications are necessary to achieve the minimum densities.</p>	Property	APN	Approximate Minimum Acres to be Re-designated to RMH		Density Yield	Portions of	of	Quarry Creek	167-040-21	17	200	P, HNS		
Property	APN	Approximate Minimum Acres to be Re-designated to RMH			Density Yield											
		Portions of	of													
Quarry Creek	167-040-21	17	200	P, HNS												

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program #	Description	Status	Dept/Div	Comments
Adequate Sites (Continued)	<p>e. The city shall process amendments to the general plan and zoning ordinance and process other planning documents as necessary to establish and permit the minimum densities, areas, and land uses as described in Section 3 and specified in Tables 3-4, 3-6 and 3-9 for the Barrio Area.</p> <p>f. The city shall amend its zoning ordinance, general plan, and other land use documents as necessary to permit residential in a mixed use format on shopping center sites and commercial areas with a General Plan designations of "CL" and "R" and zoning designations of "C-L," "C-1" and "C-2," and/or other general plan and zoning designations as appropriate. Mixed use residential on shopping center and commercial sites shall be at a minimum density of 20 units per acre.</p> <p>g. The city will encourage the consolidation of small parcels in order to facilitate larger-scale developments. Specifically, the city will make available an inventory of vacant and underutilized properties to interested developers, market infill and redevelopment opportunities throughout the city, particularly in the Village Redevelopment Area and proposed Barrio Area, and meet with developers to identify and discuss potential project sites.</p> <p>To facilitate development in the Village Redevelopment Area, modification of standards (including increased density) are permitted for affordable housing, "green" buildings, and projects which meet the goals and objectives of the Village (which include residential and mixed use developments). In addition, the city offers offsets to assist in the development of affordable housing citywide. Offsets include concessions or assistance including, but not limited to, direct financial assistance, density increases, standards modifications, or any other financial, land use, or regulatory concession which would result in an identifiable cost reduction. The city will also encourage lot consolidation by assisting in site identification.</p>	P, HNS	-	<p>e. This task will be completed as part of the comprehensive general plan and zoning ordinance update, which is currently in process and expected to be completed in 2013.</p> <p>f. The mixed use zoning ordinance amendment was recommended for approval by the Planning Commission in December 2011 and adopted by the City Council in January 2012, and is currently pending approval by the Coastal Commission.</p> <p>g. HNS maintains a monthly "Real Estate Hot Sheet" that lists properties that are available for lease and for sale within the Village area. In 2011, two projects in the Village designed to meet LEED Silver certification were approved (one mixed use with nine units, one non-residential) that received modifications to standards.</p> <p>For the Barrio Area, the city maintains an inventory of vacant and underutilized properties, which is available to developers. The development of incentives for lot consolidation will be considered as part of the comprehensive General Plan and Zoning Ordinance update currently in process.</p>

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Flexibility in Development Standards	2.2	The Planning Department, in its review of development applications, may recommend waiving or modifying certain development standards, or propose changes to the Municipal Code to encourage the development of low and moderate income housing.	O	P	<p>The city considers waivers and modifications to development standards to assist in the development of affordable housing on a case by case basis. In 2011, the Tavarua Senior Apartments were approved by the Planning Commission and building permits were issued. The project was approved with (1) reduced parking, (2) reduced building setbacks, and (3) handicapped parking in the setbacks. In addition, the project received a density increase and has a project density of approximately 55 du/ac, which exceeds the project's allowed density range (the project site is designated in the General Plan as Residential Medium Density, which allows a range of 4-8 du/ac).</p> <p>Tavarua Apartments project exceeds the 15% inclusionary housing requirement by income restricting all 49 residential rental units. Furthermore, the project exceeds the inclusionary housing low-income affordability requirement in that 10 of the apartments are restricted to the extremely low income category, 25 are restricted to the very low income category, and 14 are restricted to the low income category. The project also exceeds the general plan density ranges at a project density of approximately 55 du/ac.</p>
Mixed Use	2.3	The city will encourage mixed-use developments that include a residential component. Major commercial centers should incorporate, where appropriate, mixed commercial/residential uses. Major industrial/office centers, where not precluded by environmental and safety considerations, should incorporate mixed industrial/office/residential uses.	I	P	<p>The mixed use zoning ordinance amendment was recommended for approval by the Planning Commission in December 2011 and adopted by the City Council in January 2012, and is currently pending approval by the Coastal Commission.</p> <ul style="list-style-type: none"> <li>• As described in Program 2.1, the city shall amend the zoning ordinance and other necessary land use documents to permit residential mixed use at 20 units per acre on shopping center sites and commercial areas.</li> </ul>

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Energy Conservation	2.4	<p>The city of Carlsbad has established requirements, programs, and actions to improve household energy efficiency, promote sustainability, and lower utility costs.</p> <ul style="list-style-type: none"> <li>▪ Enforce California building and subdivision requirements by requiring compliance with state energy efficiency standards (including adoption of the California Energy Code, 2007 Edition) and state Subdivision Map Act energy conservation provisions (Government Code section 66473.1). This latter code section requires subdivision design to provide future homes with passive or natural heating opportunities to the extent feasible through, for example, lot orientation.</li> <li>▪ Encourage solar water heating by requiring new residential construction (ownership dwelling units only) to pre-plumb to accommodate solar hot water systems. This requirement has been in effect since 1981.</li> <li>▪ Promote and participate in regional water conservation programs that allow Carlsbad Municipal Water District (CMWD) residents to receive rebates for water efficient clothes washing machines and toilets, free on-site water use surveys, and vouchers for weather-based irrigation controllers. The city publicizes these programs on its website, <a href="http://www.carlsbadca.gov/water/wdtips.html">www.carlsbadca.gov/water/wdtips.html</a>. CMWD serves approximately 75 percent of the city.</li> </ul>	O	P, BCE	<p>The comprehensive update to the landscape manual to implement the Water Efficient Landscape Ordinance was drafted in 2011 and is scheduled for a City Council hearing in March 2012.</p> <p>The 2010 Building Code, which includes the California Green Building Standards, was adopted by the City Council in 2011.</p>

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
		<p>CMWD is also a signatory to the California Urban Water Conservation Council Memorandum of Understanding ("MOU"). Signatories to the MOU implement 14 Best Management Practices that have received a consensus among water agencies and conservation advocates as the best and most realistic methods to produce significant water savings from conservation.</p> <p>In 1991, Carlsbad adopted a five-phase Recycled Water Master Plan designed to save potable water. The result is that CMWD has the most aggressive water recycling program in the region when measured in terms of percent of supply derived from recycled water. In its 2005 Urban Water Management Plan, CMWD estimates that in 2020 seven percent of the water needs of the area it serves will be met by conservation, 21 percent by recycled water usage, and 72 percent by desalinated water.</p> <ul style="list-style-type: none"> <li>• In the Village Redevelopment Area, encourage energy conservation and higher density development by the modification of development standards as necessary to: <ul style="list-style-type: none"> <li>○ Enable developments to qualify for silver level or higher LEED (Leadership in Energy &amp; Environmental Design) Certification, or a comparable green building rating, and to maintain the financial feasibility of the development with such certification.</li> <li>○ Achieve densities at or above the minimum required if the applicant can provide acceptable evidence that application of the development standards precludes development at such densities.</li> </ul> </li> </ul> <p>Modifications may include but are not limited to changes to density, parking standards, building setbacks and height, and open space.</p> <ul style="list-style-type: none"> <li>• Facilitate resource conservation for all households by making available through a competitive process Community Development Block Grants to non-profit organizations that could use such funds to replace windows, plumbing fixtures, and other physical improvements in lower-income neighborhoods, shelters, and transitional housing.</li> </ul>		<p>In 2011, two projects in the Village designed to meet LEED Silver certification were approved (one mixed use with nine units, one non-residential), that received modifications to standards.</p> <p>P, BCE</p>	
Energy Conservation (Continued)	2.4		O		

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program #	Description	Status	Dept/Div	Comments
2.4 Energy Conservation (Continued)	<ul style="list-style-type: none"> <li>• Per General Plan policy, reduce fossil fuel consumption and pollution and improve residents' health by requiring:           <ul style="list-style-type: none"> <li>○ New development to provide pedestrian and bike linkages, when feasible, which connect with nearby community centers, parks, school, and other points of interest and major transportation corridors.</li> <li>○ Multi-family uses to locate near commercial centers, employment centers, and major transportation corridors.</li> </ul> </li> <li>• Designate "smart growth" areas in the city to help implement the San Diego Association of Governments Regional Comprehensive Plan vision for compact, sustainable growth.</li> <li>• Per the city's Growth Management Program:           <ul style="list-style-type: none"> <li>○ Facilitate development of higher density, affordable, and compact development by allowing withdrawals from the city's Excess Dwelling Unit Bank (see Section 4 for further details) only for certain qualifying projects; these projects include transit-oriented/SMART growth developments, senior and affordable housing, and density bonus requests.</li> <li>○ Encourage infill development in urbanized areas before allowing extensions of public facilities and improvements to areas which have yet to be urbanized.</li> </ul> </li> </ul>	O	P, BCE	<p>There are four areas in Carlsbad designated as a "smart growth opportunity site" on SANDAG's Smart Growth Concept Map: the Village and Barrio areas, Plaza Camino Real, Quarry Creek and Ponto. Each of these areas was identified in the 2005-2010 Housing Element Program 2.1 Adequate Sites program as contributing units toward the RHNA. Land use planning for the Barrio is underway as part of the comprehensive general plan and zoning ordinance update, which is expected to be completed in 2013. A master plan for Quarry Creek, another designated potential smart growth opportunity site, was submitted in late 2010 and is currently in review.</p> <p>The city continues to make available excess dwelling units for qualifying projects (also see program 3.2 below).</p>

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Inclusionary Housing Ordinance	3.1	<p>The city will continue to implement its Inclusionary Housing Ordinance that requires 15 percent of all residential units within any Master Plan/Specific Plan community or other qualified subdivision (currently seven units or more) be restricted and affordable to lower income households. This program requires an agreement between all residential developers subject to this inclusionary requirement and the city which stipulates:</p> <ul style="list-style-type: none"> <li>• the number of required lower income inclusionary units;</li> <li>• the designated sites for the location of the units;</li> <li>• a phasing schedule for production of the units; and</li> <li>• the term of affordability for the units.</li> </ul> <p>For all subdivisions of fewer than seven units, payment of a fee in lieu of inclusionary units is permitted. The fee is based on a detailed study that calculated the difference in cost to produce a market rate rental unit versus a lower-income affordable unit. As of September 1, 2006, the in-lieu fee per market-rate dwelling unit was \$4,515. The fee amount may be modified by the City Council from time-to-time and is collected at the time of building permit issuance for the market rate units. The city will continue to utilize inclusionary in-lieu fees collected to assist in the development of affordable units.</p> <p>The city will also continue to consider other in-lieu contributions allowed by the Inclusionary Housing Ordinance, such as an irrevocable offer to dedicate developable land.</p>	O	P, HNS	<p>To comply with recent case law (Palmer/Sixth Street Properties, L.P. v. City of Los Angeles), the city amended its inclusionary housing requirements. The amendment, which results in only minor changes, is primarily needed to clarify that inclusionary requirements apply to rental projects only if the project developer agrees by contract to limit rent as specified in density bonus law. Subject to the limitations imposed by Palmer, the proposed amendment does not interfere with the ongoing implementation of inclusionary housing requirements.</p> <p>The city continues to implement its Inclusionary Housing Ordinance. In 2011, building permits for nine low income units were issued as part of the La Costa Condominiums project (CT 02-28), and the City Council approved the Dos Colinas project, which includes 20 future low income units. Also, two projects receiving building permits in 2011 purchased Inclusionary Housing credits at existing affordable apartments. CT 04-01 purchased 3 credits at Villa Loma, and CT 05-10 purchased 5 credits at Carlsbad Family Housing.</p> <p>In 2011, the in-lieu fee per market rate dwelling unit remained at \$4,515.</p>

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program #	Description	Status	Dept Div	Comments
Excess Dwelling Unit Bank	<p>The city will continue to maintain, monitor and manage the Excess Dwelling Unit Bank, composed of "excess units" anticipated under the city's Growth Management Plan, but not utilized by developers in approved projects. The city will continue to make excess units available for inclusion in other projects using such tools as density transfers, density bonuses and changes to the General Plan land use designations per Council Policy Statement 43.</p> <p>Based on analysis conducted in Section 4, Constraints and Mitigating Opportunities, the city has adequate excess dwelling units to accommodate the remaining RHNAs of 2,395 units for lower and 1,171 units for moderate income households, which would require withdrawal of 2,830 units from the Excess Dwelling Unit Bank.</p>	O	P	Through its continued implementation of the Growth Management Plan, the city tracks development and the Excess Dwelling Unit Bank in its monthly Development Monitoring Report. According to the December 2011 report, the excess unit balance is 2,968 dwelling units. These units are available for qualifying projects, which include affordable housing and density bonuses.
Density Bonus	<p>In 2004, the State adopted new density bonus provisions (SB 1818) that went into effect on January 1, 2005. Consistent with the new State law (Government Code sections 65913.4 and 65915), the city will continue to offer residential density bonuses as a means of encouraging affordable housing development. In exchange for setting aside a portion of the development as units affordable to lower and moderate income households, the city will grant a bonus over the otherwise allowed density, and up to three financial incentives or regulatory concessions. These units must remain affordable for a period of 30 years and each project must enter into an agreement with the city to be monitored by the Housing and Redevelopment Department for compliance.</p> <p>The density bonus increases with the proportion of affordable units set aside and the depth of affordability (e.g. very low income versus low income, or moderate income). The maximum density bonus a developer can receive is 35 percent when a project provides 11 percent of the units for very low income households, 20 percent for low income households, or 40 percent for moderate income households.</p> <p>Financial incentives and regulatory concessions may include but are not limited to: fee waivers, reduction or waiver of development standards, in-kind infrastructure improvements, an additional density bonus above the requirement, mixed use development, or other financial contributions.</p>	O	P, HNS	

**Table 2.1 CY 2011 Housing Element Program Implementation Status.**

HE Program	Program #	Description	Status	Dept/Div	Comments
City-Initiated Development	3.4	The city, through the Housing and Redevelopment Department, will continue to work with private developers (both for-profit and non-profit) to create housing opportunities for low, very low and extremely low income households.	O	P, HNS	The city continues to provide information and work with developers to assist them in creating additional housing opportunities for lower income households.
Affordable Housing Incentives	3.5	<p>The city uses Redevelopment Housing Set-Aside Funds and Housing Trust Funds to offer a number of incentives to facilitate affordable housing development. Incentives may include:</p> <ul style="list-style-type: none"> <li>• Payment of public facility fees;</li> <li>• In-kind infrastructure improvements, including but not limited to street improvements, sewer improvements, other infrastructure improvements as needed;</li> <li>• Priority processing, including accelerated plan-check process, for projects that do not require extensive engineering or environmental review; and</li> <li>• Discretionary consideration of density increases above the maximum permitted by the General Plan through review and approval of a Site Development Plan (SDP).</li> </ul>	O	P, HNS, F	The city continues to offer incentives to facilitate affordable housing.
Land Banking	3.6	<p>The city will continue to implement a land banking program to acquire land suitable for development of housing affordable to lower and moderate income households. The Land Bank may accept contributions of land in-lieu of housing production required under an inclusionary requirement, surplus land from the city or other public entities, and land otherwise acquired by the city for its housing programs. This land would be used to reduce the land costs of producing lower and moderate income housing by the city or other parties.</p> <p>The city has already identified a list of nonprofit developers active in the region. When a city-owned or acquired property is available, the city will solicit the participation of these nonprofits to develop affordable housing. Affordable Housing Funds will be made available to facilitate development and the city will assist in the entitlement process.</p>	O	CED, HNS	

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Housing Trust Fund	3.7	The city will continue to maintain the various monies reserved for affordable housing, and constituting the Housing Trust Fund, for the fiduciary administration of monies dedicated to the development, preservation and rehabilitation of housing in Carlsbad. The Trust Fund will be the repository of all collected in-lieu fees, impact fees, housing credits and related revenues targeted for proposed housing as well as other local, state and federal funds.	O	HNS, F	The city continues to maintain the Housing Trust Fund, which had an available balance of approximately \$14.7 million as of December 31, 2011.
Section 8 Housing Choice Vouchers	3.8	The Carlsbad Housing Authority will continue to operate the city's Section 8 Housing Choice Voucher program to provide rental assistance to very low income households.	O	HNS	The Housing Authority continues to operate Section 8 Housing Choice Voucher Program.
Mortgage Credit Certificates	3.9	The city participates in the San Diego Regional Mortgage Credit Certificate (MCC) Program. By obtaining a MCC during escrow, a qualified homebuyer can qualify for an increased loan amount. The MCC entitles the homebuyer to take a federal income tax credit of 20 percent of the annual interest paid on the mortgage. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings.	O	HNS	The city continues to participate in MCC Program with one certificate issued in 2011.
Senior Housing	3.10	The city will continue to encourage a wide variety of senior housing opportunities, especially for lower-income seniors with special needs, through the provision of financial assistance and regulatory incentives as specified in the city's Senior Housing Overlay zone. Projects assisted with these incentives will be subjected to the monitoring and reporting requirements to assure compliance with approved project conditions.  In addition, the city has sought and been granted Article 34 authority by its voters to produce 200 senior-only affordable housing units. The city would need to access its Article 34 authority only when it functions as the owner of the project, where the city owns more than 51 percent of the development.	O	P, HNS	The city is providing a loan of \$3.75 million to assist in the development of the 50 unit Tavauna Senior Apartments. Building permits were issued on 12/16/11. The apartments will be affordable to seniors at 30%, 40%, 50% and 60% of the Area Median Income.

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div.	Comments
Housing for Persons with Disabilities	3.11	The city will adopt an ordinance to establish a formal policy on offering reasonable accommodations to persons with disabilities with regard to the construction, rehabilitation, and improvement of housing. The ordinance will specify the types of requests that may be considered reasonable accommodation, the procedure and reviewing/approval bodies for the requests, and waivers that the city may offer to facilitate the development and rehabilitation of housing for persons with disabilities.	I	P, BCE	The zoning ordinance amendment to remove the definition of "family" was adopted by the City Council in 2010 and approved by the Coastal Commission in 2011. The reasonable accommodations zoning ordinance amendment was recommended for approval by the Planning Commission in January 2011 and adopted by the City Council in April 2011, and is currently pending approval by the Coastal Commission.
Housing for Large Families	3.12	In those developments that are required to include 10 or more units affordable to lower-income households, at least 10 percent of the lower income units should have three or more bedrooms. This requirement does not pertain to lower-income senior housing projects.	O	P	The city continues to implement this program as part of its inclusionary housing ordinance.
Farm Labor Housing	3.13	Pursuant to the State Employee Housing Act, the city permits by right employee housing for six or fewer in all residential zones where a single-family residence is permitted. Farm labor housing for 12 persons in a group quarters or 12 units intended for families is permitted by right on properties where agricultural uses are permitted. In 2004, the city amended the Zoning Code to conditionally permit farm labor housing for more than 12 persons in a group quarters or 12 units/spaces for households in the E-A, O, C-1, C-2, C-T, C-M, M, P-M, P-U, O-S, C-F and C-L zones.	I	CED, P	A zoning ordinance amendment to comply with Health and Safety Code Sec. 17021.6 has been drafted and is currently under internal review. Staff anticipates that Planning Commission and City Council hearings will occur in 2012.

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
	3.14	<p>Carlsbad will continue to facilitate the acquisition, for lease or sale, of suitable sites for emergency shelters and transitional housing for the homeless population. This facilitation will include:</p> <ul style="list-style-type: none"> <li>• Participating in a regional or sub-regional summit(s) including decision-makers from North County jurisdictions and SANDAG for the purposes of coordinating efforts and resources to address homelessness;</li> <li>• Assisting local non-profits and charitable organizations in securing state and federal funding for the acquisition, construction and management of shelters;</li> <li>• Continuing to provide funding for local and sub-regional homeless service providers that operate temporary and emergency shelters; and</li> <li>• Identifying a specific zoning district in the city where emergency shelters will be permitted by right, with the following criteria: <ul style="list-style-type: none"> <li>○ The appropriate zoning district will offer easy access to public transportation and supportive services.</li> <li>○ The zoning district should also contain adequate vacant and underutilized sites or building that can be converted to accommodate emergency shelters.</li> </ul> </li> </ul>	I	CED, P	<p>A zoning ordinance amendment to permit emergency shelters by right in the Planned Industrial Zone has been drafted and is currently under internal review. Staff anticipates that Planning Commission and City Council hearings will occur in 2012.</p> <p>In 2010, the city received an application to expand the existing La Posada de Guadalupe homeless shelter from a temporary 50 bed facility to a permanent 100 bed facility. The application was recommended for approval by the Planning Commission and approved by the City Council in 2011. Building permits are anticipated for 2012. In addition, the city has committed \$2,000,000 in financial support for the La Posada de Guadalupe expansion from money collected through its Agricultural Mitigation Fee program (\$54,000 given to-date for project design costs). Also, in Dec. 2011, the city increased its total CDBG contribution to \$661,000 for this project.</p>

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Housing for the Homeless (Continued)	3.14	<ul style="list-style-type: none"> <li>o Besides being subject to the same development standards applied to other development in the specified zoning district, the city will establish objective development standards to regulate the following: 1) the maximum number of beds/persons permitted to be served nightly; 2) off-street parking based on demonstrated need, but not to exceed parking requirements for other residential or commercial uses in the same zone; 3) The size/location of exterior and interior onsite waiting and client intake areas; 4) The provision of onsite management; 5) The proximity of other emergency shelters, provided that emergency shelters are not required to be more than 300 feet apart; 6) The length of stay; 7) Lighting; and 8) Security during hours that the emergency shelter is in operation.</li> </ul>	I	CED, P	An ordinance amendment to address the provision of transitional and supportive housing was initiated in 2011 and is currently in process. Staff anticipates that Planning Commission and City Council hearings will occur in 2012.
Transitional and Supportive Housing	3.15	Currently, the city's Zoning Ordinance does not address the provision of transitional housing and supportive housing. The city will amend the Zoning Ordinance to clearly define transitional housing and supportive housing. When such housing is developed as group quarters, they should be permitted as residential care facilities. When operated as regular multi-family rental housing, transitional and supportive housing should be permitted by right as a multi-family residential use in multi-family zones.	P	P	In 2011, the city provided CDBG assistance to 12 social service providers in North County and serves as a referral agency for homeless shelters and support services.
Supportive Services for Homeless and Special Needs Groups	3.16	The city will continue to provide CDBG funds to community, social welfare, non-profit and other charitable groups that provide services for those with special needs in the North County area. Furthermore, the city will work with agencies and organizations that receive CDBG funds to offer a City Referral Service for homeless shelter and other supportive services.	O	HNS	

**Table 2.1 CY 2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Alternative Housing	3.17	The city will continue to implement its Second Dwelling Unit Ordinance (Section 21.10.05 of the Carlsbad Municipal Code) and will continue to consider alternative types of housing, such as hotels and managed living units.	P	P, HNS	The city continues to implement the Second Dwelling Unit Ordinance and consider alternative types of housing. In 2011, building permits were issued for seven second dwelling units.  An ordinance amendment to conditionally permit and establish standards for managed living units in certain districts of the Village area was initiated in 2011 and is currently in process. Staff anticipates that Planning Commission and City Council hearings will occur in 2012.
Military and Student Referrals	3.18	The city will assure that information on the availability of assisted or below-market housing is provided to all lower-income and special needs groups. The Housing and Redevelopment Agency will provide information to local military and student housing offices of the availability of low-income housing in Carlsbad.	O	HNS	The city provides information on assisted and below market housing to individuals and groups needing that information.
Coastal Housing Monitoring	3.19	As a function of the building process, the city will monitor and record Coastal Zone housing data including, but not limited to, the following:  1) The number of new housing units approved for construction within the coastal zone after January 1, 1982. 2) The number of housing units for persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, required to be provided in new housing developments within the coastal zone. 3) The number of existing residential dwelling units occupied by persons and families of low or moderate income that are authorized to be demolished or converted in the coastal zone pursuant to Section 65590 of the Government Code. 4) The number of residential dwelling units occupied by persons and families of low or moderate income as defined in Section 50093 of the Health and Safety Code that are required for replacement or authorized to be converted or demolished as identified above. The location of the replacement units, either onsite, elsewhere within the city's coastal zone, or within three miles of the coastal zone in the city, shall be designated in the review.	O	CED	1) In 2011, building permits were issued for 29 dwelling units in the Coastal Zone. 2) In 2011, no building permits were issued for dwelling units required to be affordable (through Inclusionary or Density Bonus requirements) in the Coastal Zone. However, two projects receiving building permits in 2011 purchased Inclusionary Housing credits at existing affordable apartments. Pointsettia Ridge (CT 04-01) purchased three credits at Villa Loma, and Pointsettia Property/The Tides (CT 05-10) purchased five credits at Canisbad Family Housing. 3) 0 4) 0

Part 2 – Program Implementation Status – January 2011 through December 2011

**Table 21 CY2011 Housing Element Program Implementation Status**

HE Program	Program #	Description	Status	Dept/Div	Comments
Housing Element Annual Report	3.20	To retain the Housing Element as a viable policy document, the Planning Department will undertake an annual review of the Housing Element and schedule an amendment if required. As required, staff also monitors the city's progress in implementing the Housing Element and prepares corresponding reports to the City Council, SANDAG, and California Department of Housing and Community Development annually.	O	P	The city contracts with a fair housing agency to provide their services to Carlsbad residents and property owners. Services include those listed in the column to the left.
Fair Housing Services	4.1	<p>With assistance from outside fair housing agencies, the city will continue to offer fair housing services to its residents and property owners. Services include:</p> <ul style="list-style-type: none"> <li>• Distributing educational materials to property owners, apartment managers, and tenants;</li> <li>• Making public announcements via different media (e.g. newspaper ads and public service announcements at local radio and television channels);</li> <li>• Conducting public presentations with different community groups;</li> <li>• Monitoring and responding to complaints of discrimination (i.e. intake, investigation of complaints, and resolution); and</li> <li>• Referring services to appropriate agencies.</li> </ul>	O	HNS	

# ANNUAL HOUSING ELEMENT PROGRESS REPORT

## *Addendum to Part 2 – Program Implementation Status*

**January 2011 through December 2011**

### Program 2.1 Comments

Housing Element Section 3, Resources Available, identifies how Carlsbad will meet its Regional Housing Needs Assessment (RHNA) during the current housing cycle. "RHNA" is a forecast of the number of housing units needed to accommodate projected growth by all income groups. As Section 3 explains, Carlsbad meets its RHNA through a combination of development projects and city-initiated land use changes. Whether proposed or approved, these projects and land use changes provide units and land use designations at densities considered appropriate for each income group; the state considers higher densities, for example, as critical to the success of affordable housing.

To meet RHNA forecasts for lower and moderate income housing, Section 3 and Program 2.1 focus particularly on the housing needs of these two income groups. The state has identified minimum densities of 12 and 20 dwelling units per acre as suitable for moderate and lower income families, respectively. Program 2.1 identifies the land use changes the city proposes to achieve these densities and implement its Housing Element, which it adopted in 2009. The present status of each change or amendment is discussed below.

In Section 3, Housing Element Table 3-12 summarizes the projects and land use changes contemplated to achieve the city's RHNA. "Achievement" is expressed in number of units for each income group. One project discussed in Section 3 that contributes to the "Residential Sites" units reported in the table, the 76-unit Bridges at Aviara Affordable Housing Component, was withdrawn in 2010.

Factoring in the affordable units that would have been achieved by the Bridges project, Carlsbad had 50 units more than it needed to meet RHNA. The surplus was achieved by adding the "difference" numbers (+644 and -594) at the bottom of the lower and moderate income columns in Table 3-12. The project's withdrawal, however, left a 26 unit deficit; this shortage is realized simply by subtracting the Bridges' 76 units from the 50 unit surplus. When reviewing Table 3-12, please note that the surplus of lower income units enabled by the Bridges project counted toward satisfying the deficit of moderate income units. However, with the withdrawal of the Bridges project, the surplus is no longer adequate to cover the shortage of moderate income units.

It is important for Carlsbad to meet its RHNA obligations throughout the current housing cycle. Accordingly, the 26 unit deficit resulting from the Bridges' withdrawal is made up entirely by the Tavarua Senior Apartments. The Tavarua project began construction in 2012 and will feature 49 apartments rent restricted to occupancy by extremely low, very low, and low income seniors and a manager's unit (also considered to be a low income unit due it being part of the managers compensation ). Originally

approved in 2008 as the "Harding Street Senior Project" (see Housing Element page 3-23), only 15 of the original project's 50 units were counted as lower or moderate income housing in Table 3-12.

City-approved changes to the original Harding Street Senior Project in 2011 resulted in all of the Tavarua units being affordable. After subtracting the 15 lower and moderate income units associated with the original project, Tavarua's 50 affordable units result in a net gain of 34 lower income units not reflected in Table 3-12. Carlsbad may count this gain toward RHNA and the deficit resulting from the Bridges project withdrawal.

In addition to the Tavarua project and as discussed in the 2010 Annual Housing Progress Report, other active projects contribute to satisfying RHNA; these include Dos Colinas and Quarry Creek. Dos Colinas, approved by the city in 2012, is a 305-unit continuing care retirement community in the Sunny Creek area. The City conditioned its approval of Dos Colinas to provide either 20 or 24 units affordable to lower income persons within the project or offsite of it, respectively. Quarry Creek, the master planning and environmental review of which is presently underway, has 656 units proposed. This is 156 more units than anticipated in Program 2.1. While all of these additional units beyond the 500 called for in Program 2.1 may not develop at densities appropriate for lower and moderate income housing, that potential exists.

An updated Housing Element Table 3-12 is provided below and reflects the deletion of the Bridges at Aviara and the addition of the Tavarua Senior Apartments and Dos Colinas projects.

**Table 3-12 (*modified to show changes*)  
Adequacy of Sites in Meeting Remaining RHNA**

Sites	Lower Income	Moderate Income	Above Moderate Income	Total	Comments
Residential Sites	<u>1,470</u> <b><u>1,394</u></b>	569	1,675	<u>3,714</u> <b><u>3,638</u></b>	"Residential Sites" change reflects deletion of 76 units proposed as part of Bridges at Aviara (withdrawn).
Mixed Use Sites	1,473	0	0	1,473	
Recently approved Proposals with Affordable Components <sup>1</sup>	<u>9.16</u>	<u>0.8</u>		<u>24.9</u>	"Lower Income" change reflects deletion of 7 units approved as part of Harding Street Senior Project (superseded by Tavarua Senior Apartments). "Moderate Income" change reflects deletion of 8 units approved as part of Harding Street Senior Project (superseded by Tavarua Senior Apartments).
Second Units	80	0	0	80	
Tavarua Senior Apartments	<u>50</u>	<u>0</u>	<u>0</u>	<u>50</u>	
Dos Colinas <sup>2</sup>	<u>20</u>	<u>0</u>	<u>0</u>	<u>20</u>	
<b>Total</b>	<u><b>3,039</b></u> <u><b>3,026</b></u>	<u><b>569</b></u> <b><u>577</u></b>	<b><u>1,675</u></b>	<u><b>5,294</b></u> <b><u>5,270</u></b>	
RHNA Remaining	2,395	1,171	---	3,566	
<b>Difference (surplus or deficit)</b>	+644 <b><u>631</u></b>	-602 <b><u>594</u></b>	+1,675	+1,725 <b><u>1,704</u></b>	
<b>Number of surplus lower income units<sup>3</sup></b>	<b><u>29</u></b>				

<sup>1</sup>These projects, identified in Table 3-11, are in addition to those found in tables 3-1 and 3-2 and represent affordable housing approved since December 31, 2006.

<sup>2</sup>Dos Colinas lower income units reflect on-site unit requirement. If off-site units are proposed, 24 lower income units are required.

<sup>3</sup>The 630 unit surplus of lower income units may be used to offset the 602 unit shortage of moderate income units.  
Source: City of Carlsbad, May 2008 and February 2012.

## ANNUAL HOUSING ELEMENT PROGRESS REPORT

### *Appendix A – Description of terms and methods*

#### JANUARY 2011 THROUGH DECEMBER 2011

**Regional Housing Needs** – The determination of housing need for Carlsbad and all other jurisdictions in California is derived from the Regional Housing Needs Assessment (RHNA) prepared by the local regional councils of government (SANDAG) before the beginning of each housing cycle. Based upon these assessments of *need*, the local jurisdictions are required to adopt housing *objectives* in the housing elements of their general plans.

A regional assessment of housing need is an estimate of the total need for new housing construction throughout the region due to population growth forecasted to occur during a specific time period. The overall housing need is then broken out by four income groups: *very low*, *low*, *moderate*, and *above-moderate* (or *upper-income*) – all as defined by the federal Department of Housing and Urban Development (HUD), and the state Department of Housing and Community Development (HCD). The regional housing needs are then allocated to the local jurisdictions on a “regional share” basis, according to models and formulas designed by the SANDAG.

Table 1 shows Carlsbad’s share of the current RHNA and is based upon housing growth estimated by the State and SANDAG to occur in Carlsbad during the period January 1, 2003 through April 30, 2013.

**Table 1: Carlsbad's Share of the RHNA**  
**January 1, 2003 through April 30, 2013\***

Income Group	Definition** (% of AMI***)	New Construction Needs (in housing units)
Very Low	50% or under	1,922
Low	51 - 80 %	1,460
Moderate	81 - 120%	1,583
Above-Moderate	Over 120%	3,411
<b>Totals</b>		<b>8,376</b>

\* Senate Bill 575 extended the current Housing Element period to no later than 18 months after adoption of the Regional Transportation Plan (RTP). With the adoption of the RTP in October 2011, the next Housing Element update will be due April 30, 2013.  
\*\* Definitions are from HUD, via the California Department of Housing and Community Development.  
\*\*\* AMI is the Area Median Income. The 2011 AMI for San Diego-Carlsbad-San Marcos MSA for a family of four is \$74,900.

**Definition of Income Groups** – Table 1 defines each of the four income groups as a percentage of the county area median income (AMI). HUD annually revises the AMI based on cost of living issues such as the relationship of housing prices to income. For 2011, HUD established the AMI for San Diego County at \$74,900. In addition to establishing the AMI, HUD also establishes income limits for each of the four income groups which are adjusted for family size so that larger households have higher income limits (see Table 2 below).

Table 2: CY 2011 Qualifying Limits on Annual Income By Household Size				
Income Group	Persons per Household			
	2	4	6	8
Very Low	\$ 33,000	\$ 41,200	\$ 47,800	\$ 54,400
Low	\$ 52,750	\$ 65,900	\$ 76,450	\$ 87,000
Moderate	\$ 71,950	\$ 89,900	\$ 104,300	\$ 118,700
Above Moderate	> \$ 71,950	> \$ 89,900	> \$ 104,300	> \$ 118,700

Source: "2011 Household Income Limits," U.S. Department of Housing and Urban Development (effective May 31, 2011)

**Prices of Affordable Housing** – Generally, the federal and state rule is that housing is affordable to a given family if the family pays no more than 30% of its monthly income for housing expenses that include the rent or mortgage payment, property taxes, insurance, utilities, and the like. A determination of whether a housing unit is affordable can be easily made for *assisted public* rental housing and other *public* housing programs because documentation is maintained on both the individual household's income and the actual cost of the unit in question (typically rental). Income group determinations for income restricted (*assisted*) housing units shown in the tables of Part 1 were made by the Carlsbad Housing and Neighborhood Services Department.

To determine affordable housing expenses for rentals, the practice is to set thresholds for each income group, using the 30% rule, with adjustments for the number of bedrooms (a convention developed in 1993 by member agencies of the San Diego Association of Governments assumes two persons per bedroom). An additional adjustment is also made for utility allowance, as required by HUD. Table 3 provides the resulting maximum market rate rental expenses (which include rent and a utility allowance that increases with household size) for the very low, low, and moderate-income groups for CY 2011.

**Table 3 CY 2011 Qualifying Rent and Utility Expenses  
By Number of Bedrooms**

Income Group	Number of Bedrooms			
	1	2	3	4
Very Low	\$ 825	\$ 1,030	\$ 1,195	\$ 1,360
Low	\$ 1,319	\$ 1,648	\$ 1,911	\$ 2,175
Moderate	\$ 1,799	\$ 2,248	\$ 2,608	\$ 2,968
Above Moderate	> \$ 1,799	> \$ 2,248	> \$ 2,608	> \$ 2,968

Source: "2011 Household Income Limits," U.S. Department of Housing and Urban Development (effective May 31, 2011)

With regard to for-sale housing, there is no federal or state required formula to determine the sales price that would be considered affordable. The only federal or state requirement is that the mortgage amount (including taxes, insurance, utilities, etc.) must not exceed 30% of the monthly income of the household (to be considered affordable to a specific income group, see Table 2).

The varying factors (interest rates, closing costs, lending programs, etc.), which impact the mortgage amount, make it difficult to specify certain sales prices that are considered affordable to the various income groups. To simplify determining affordability for reporting purposes, the city uses a rule-of-thumb formula similar to that employed by many mortgage-lending institutions, which was reviewed and accepted by the SANDAG and the California Department of Housing and Community Development. The rule-of-thumb formula is as follows:

*Affordable sales price = 3.0 x maximum-allowed-annual income for each class, adjusted for bedroom count.*

Based on this formula Table 4 gives the qualifying purchase price for housing for the different income groups. The table illustrates that a three-bedroom house costing no more than \$312,900 would be the maximum affordable to a moderate-income family.

**Table 4: CY 2011 Qualifying Purchase Price  
By Number of Bedrooms**

Income Group	Number of Bedrooms				4
	1	2	3		
Very Low	\$ 99,000	\$ 123,600	\$ 143,400	\$ 163,200	
Low	\$ 158,250	\$ 197,700	\$ 229,350	\$ 261,000	
Moderate	\$ 215,850	\$ 269,700	\$ 312,900	\$ 356,100	
Above Moderate	> \$ 215,850	> \$ 269,700	> \$ 312,900	> \$ 356,100	

\* 3X multiplier was developed by an ad hoc committee at SANDAG with subsequent approval by the SANDAG Board in 1993. (There is no formula in state law). The rule also assumes 2 persons per bedroom to provide a correspondence back to HUD affordability rules based upon persons per household (as opposed to bedrooms).

**Other terms – Definitions for terms used in this appendix as well as Part 1 of the report:**

**Assistance Programs/Assisted Units** – units receiving financial assistance from the city or other and/or other subsidy sources and have affordability deed restrictions.

**Deed Restricted Units** – units considered affordable due to local program or policy, such as inclusionary housing ordinance. These units may also be assisted units.

**Non-deed Restricted Units/Market Rate Units** - Units that received no financial assistance from the city and have no affordability restrictions.

**Unit Category** – SF (Single-family units), 2-4 (two to four unit structures), 5+ (five or more unit structures), SU (second-units), MH (mobile homes).

**Description of housing product types:**

**Single-family detached** - A single home on a single lot, detached from any other unit, except for an attached second dwelling unit.

**Condominium** - A detached or attached home on commonly owned property.

**Apartment** - A unit that can only be rented and not owned.

**Duplex** – Two units on a single lot. Units cannot be individually sold.

**Second Dwelling Unit** - A completely independent dwelling unit on the same lot as a primary residence. A second dwelling unit may be attached to or detached from the primary residence.